

THREE-YEAR TRANSFORMATION PROGRAMME

FINANCIAL MODEL

Lewis Hospitality — Asset Value & EBITDA Growth

1. PURPOSE OF THE PROGRAMME (FINANCIAL VIEW)

The Three-Year Transformation Programme is engineered to deliver **predictable, measurable financial uplift** across:

- **EBITDA**
- **NOI**
- **RevPAR**
- **F&B profitability**
- **Labour efficiency**
- **Cost-to-serve**
- **Asset valuation (cap-rate driven)**

The programme aligns operational, commercial, and leadership improvements with **direct, quantifiable financial outcomes**, enabling investors and lenders to model:

- Cashflow stabilisation
- Margin expansion
- Revenue growth
- Risk reduction
- Long-term asset resilience

This is a transformation designed to **move the numbers**, not just the narrative.

2. FINANCIAL DRIVERS BY YEAR

Below is the investor-grade breakdown of how each year contributes to EBITDA, NOI, and valuation uplift.

YEAR ONE — STABILISATION & CONTROL

Primary Financial Impact: Risk Reduction + Early Margin Gains

Key Financial Levers

- Identification of revenue leakage
- Labour model correction
- Cost-control discipline
- SOP compliance reducing waste
- Guest satisfaction uplift improving pricing power
- Early commercial wins (rate integrity, distribution mix)

Model Inputs Typically Affected

- Labour cost %
- GOP margin
- RevPAR baseline
- Cost of goods sold (F&B)
- Maintenance and operational inefficiencies

Expected Financial Outcomes

- EBITDA uplift: **2–5%**
- NOI stabilisation
- Reduced volatility in monthly performance
- Improved forecasting accuracy

Investor Interpretation Year One reduces operational risk and establishes predictable performance — essential for lenders and valuation models.

YEAR TWO — OPTIMISATION & COMMERCIAL GROWTH

Primary Financial Impact: Margin Expansion + Revenue Growth

Key Financial Levers

- Productivity improvements across rooms, F&B, and support functions
- Guest journey redesign increasing review scores and rate potential
- Commercial innovation (upsell, ancillary revenue, F&B optimisation)
- Leadership maturity improving decision-making quality
- Culture and engagement reducing turnover costs

Model Inputs Typically Affected

- ADR uplift
- RevPAR growth
- Labour efficiency ratios
- F&B profitability
- Ancillary revenue contribution
- Turnover and recruitment cost reductions

Expected Financial Outcomes

- EBITDA uplift: **5–10%**
- NOI improvement: **4–8%**
- RevPAR growth: **3–7%**
- F&B profitability uplift: **3–6%**

Investor Interpretation Year Two is where the asset becomes *financially stronger* margins widen, revenue grows, and operational drag reduces.

YEAR THREE — MARKET LEADERSHIP & VALUE CREATION

Primary Financial Impact: Valuation Uplift + Long-Term Resilience

Key Financial Levers

- Market positioning enabling premium pricing
- Signature guest experience driving loyalty and repeat business
- New revenue streams (F&B concepts, partnerships, ancillary services)
- Succession planning reducing leadership risk
- Brand equity strengthening competitive advantage

Model Inputs Typically Affected

- ADR premium
- Repeat guest ratio
- Ancillary revenue growth
- Long-term labour stability
- Cap-rate justification through reduced risk profile

Expected Financial Outcomes

- EBITDA uplift: **5–12%**
- NOI uplift: **5–10%**
- Asset valuation increase: **8–20%** (cap-rate dependent)

Investor Interpretation Year Three is where the asset becomes **market-leading**, enabling higher valuations, stronger cashflow, and reduced long-term risk.

3. FINANCIAL IMPACT SUMMARY (36-MONTH VIEW)

Total Expected EBITDA Uplift:

12–25% across the programme (property-dependent)

Total Expected NOI Improvement:

10–20%

RevPAR Growth:

6–15%

F&B Profitability Increase:

5–12%

Asset Valuation Uplift:

8–20% (depending on cap rate, market conditions, and revenue mix)

Risk Reduction:

- Lower leadership turnover
- Higher operational consistency
- Improved forecasting accuracy
- Stronger commercial discipline
- Reduced cost volatility

These are the numbers investors care about, and the programme is built to deliver them.

4. HOW THE PROGRAMME LINKS TO A FINANCIAL MODEL

Below is the mapping between programme outputs and financial model inputs.

Revenue Line Items

- ADR uplift → Guest experience improvements + market positioning
- Occupancy stability → Leadership alignment + operational consistency
- Ancillary revenue → Commercial innovation + F&B enhancements

Cost Line Items

- Labour cost % → Productivity optimisation + leadership capability
- F&B COGS → Menu engineering + operational discipline
- Maintenance costs → SOP compliance + engineering strategy
- Turnover costs → Culture and engagement initiatives

Profitability Metrics

- GOP margin → Operational excellence + cost control
- EBITDA → Combined revenue uplift + cost efficiency
- NOI → Long-term operational stability + commercial resilience

Valuation Metrics

- Cap-rate justification → Reduced risk + improved performance
- Asset value → EBITDA uplift × market multiple

5. INVESTOR GRADE OUTCOMES

By the end of the Three-Year Programme, investors can expect:

- A more predictable, stable, and resilient asset
- Higher EBITDA and NOI
- Improved RevPAR and pricing power
- Reduced operational and leadership risk
- A stronger competitive position
- A leadership team capable of sustaining performance
- A culture aligned with commercial and service excellence
- A clear, defensible valuation uplift

This is transformation that **moves the asset**, not just the operation.

Strengthen Your Asset. Improve Your Returns. Reduce Your Risk.

Lewis Hospitality partners with investors, lenders, and ownership groups to deliver long-term, measurable value.